

**Lehman Brothers Holdings Inc.  
1271 Sixth Avenue  
New York  
New York 10020**

24 February 2009

LB GP No. 1 Ltd  
25 Bank Street  
London  
E14 5LE

Dear Sirs,

**Lehman Brothers UK Capital Funding (“LP1”)  
Fixed Rate to CMS-Linked Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities**

**Lehman Brothers UK Capital Funding II LP (“LP2”)  
Euro Fixed Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities**

**Lehman Brothers UK Capital Funding III LP (“LP3”)  
Fixed/Floating Rate Enhanced Capital Advantaged Preferred Securities**

**Lehman Brothers UK Capital Funding IV LP (“LP4”)  
Euro Fixed Rate Enhanced Capital Advantaged Preferred Securities**

and

**Lehman Brothers UK Capital Funding V LP (“LP5” and together with LP1, LP2, LP3 and LP4, the “LPs”)**

**Fixed Rate Enhanced Capital Advantaged Preferred Securities**

We are writing to you in your capacity as General Partner of the LPs in relation to the outstanding series of preferred securities issued by each of the LPs as detailed above (together, the “Preferred Securities”). All terms not defined in this letter are defined terms used in the terms of each of the Preferred Securities.

Further to your letter of 20 January 2009, please be informed that Lehman Brothers Holdings Inc. has filed for bankruptcy protection under Chapter 11 of the US Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York on 15 September 2008. There are therefore a significant number of considerations relating to the decision as to whether to issue Substituted Preferred Stock in respect of any of the series of Preferred Securities. Furthermore, these considerations must be taken into account in an uncertain regulatory and tax environment. As a result, we cannot say at this time whether Lehman Brothers Holdings Inc. will be able to issue Substituted Preferred Stock, nor give you any indication as to when we will be in a position to determine the same.

Yours faithfully,

